

HOUSE No. 4857

The Commonwealth of Massachusetts

The committee of conference on the disagreeing votes of the two branches with reference to the Senate amendments (striking out all after the enacting clause and inserting in place thereof the text contained in Senate document numbered 2608; and by striking out the title and inserting in place thereof the following title: “An Act to promote a clean energy future”) of the House Bill to increase renewable energy and reduce high-cost peak hours (House, No. 4756), reports recommending passage of the accompanying Bill to advance clean energy (House, No. 4857) July 30, 2018.

Thomas A. Golden, Jr.	Michael J. Barrett
Patricia A. Haddad	Marc R. Pacheco
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In the One Hundred and Ninetieth General Court
(2017-2018)

An Act to advance clean energy.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 21 of chapter 25 of the General Laws, as appearing in the 2016
2 Official Edition, is hereby amended by striking out, in line 11, the word “electric” and inserting
3 in place thereof the following word:- energy.

4 SECTION 2. Said section 21 of said chapter 25, as so appearing, is hereby further
5 amended by inserting after the words “management programs”, in line 34, the following words:-
6 , including energy storage and other active demand management technologies, and strategic
7 electrification, such as measures that are designed to result in cost-effective reductions in
8 greenhouse gas emissions through the use of expanded electricity consumption while minimizing
9 ratepayer costs.

10 SECTION 3. Said section 21 of said chapter 25, as so appearing, is hereby further
11 amended by striking out, in line 51, the word “and”.

12 SECTION 4. Said section 21 of said chapter 25, as so appearing, is hereby further
13 amended by inserting after the word “management”, in line 52, the following words:- ; and (J)

14 programs that result in customers switching to renewable energy sources or other clean energy
15 technologies.

16 SECTION 5. Said section 21 of said chapter 25, as so appearing, is hereby further
17 amended by striking out, in line 74, the word “system” and inserting in place thereof the
18 following word:- other.

19 SECTION 6. Paragraph (3) of subsection (b) of said section 21 of said chapter 25, as so
20 appearing, is hereby amended by striking out the third sentence and inserting in place thereof the
21 following 3 sentences:- For the purposes of reviewing cost effectiveness, programs shall be
22 aggregated by sector. Any sector with a benefit cost ratio greater than 1.0 indicating benefits are
23 greater than costs shall be considered cost-effective. If a sector fails the cost-effectiveness test as
24 part of the review process, its component programs shall either be modified so that the sector
25 meets the test or shall be terminated.

26 SECTION 7. Section 3 of chapter 25A of the General Laws, as so appearing, is hereby
27 amended by inserting after the definition of “Building authority” the following 2 definitions:-

28 “Clean peak certificate”, a credit received for each megawatt hour of energy or energy
29 reserves provided during a seasonal peak period that represents a compliance mechanism.

30 “Clean peak resource”, a qualified RPS resource, a qualified energy storage system or a
31 demand response resource that generates, dispatches or discharges electricity to the electric
32 distribution system during seasonal peak periods, or alternatively, reduces load on said system.

33 SECTION 8. Said section 3 of said chapter 25A, as so appearing, is hereby further
34 amended by inserting after the definition of “Commissioner” the following definition:-

“Demand response resource”, changes in electric usage by end-use customers in the commonwealth from their normal consumption patterns in response to: (i) changes in the price of electricity over time, including, but not limited to, time-of-use rates for residential and small commercial and industrial customers; or (ii) incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.

SECTION 9. Said section 3 of said chapter 25A, as so appearing, is hereby further amended by inserting after the definition of “Petroleum products” the following definition:-

“Qualified energy storage system”, an energy storage system, as defined in section 1 of chapter 164, that commenced commercial operation or provided incremental new capacity at an existing energy storage system on or after January 1, 2019; provided, however, that such system operates primarily to store and discharge renewable energy as defined in said section 1 of said chapter 164.

SECTION 10. Said section 3 of said chapter 25A, as so appearing, is hereby further amended by inserting after the definition of “Qualified provider” the following definition:-

“Qualified RPS resource”, a renewable energy generating source, as defined in subsection (c) or in subsection (d) of section 11F that has: (i) installed a qualified energy storage system at its facility; or (ii) commenced commercial operation on or after January 1, 2019.

SECTION 11. Said section 3 of said chapter 25A, as so appearing, is hereby further amended by inserting after the definition of “Responsive offeror” the following definition:-

“Seasonal peak periods”, the daily time windows during any of the 4 annual seasons when the net demand of electricity is the highest; provided however, that a seasonal peak period

shall be not less than 1 hour and not longer than 4 hours in any season, as determined by the department.

SECTION 12. Section 11F of said chapter 25A, as so appearing, is hereby amended by striking out, in lines 16 and 17, the words “and (3) an additional 1 per cent of sales every year thereafter” and inserting in place thereof the following words:- (3) an additional 1 per cent of sales each year thereafter until December 31, 2019; (4) an additional 2 per cent of sales each year thereafter until December 31, 2029; and (5) an additional 1 per cent of sales every year thereafter. Any electric load served under a retail electricity supply contract executed or extended not later than December 31, 2018, shall be exempt from any incremental compliance obligation under this section that occurs as a result of an increase or a new requirement imposed on or after January 1, 2019 on the minimum percentage of kilowatt-hour sales to end-use customers that must be derived from Class I RPS eligible resources.

SECTION 13. Said chapter 25A is hereby further amended by adding the following section:-

Section 17. (a) Every retail electric supplier providing service under contracts executed or extended after December 31, 2018, shall provide a minimum percentage of kilowatt-hour sales to end-use customers in the commonwealth from clean peak resources. Not later than December 31, 2018 the department shall determine the current percentage of kilowatt-hours sales to end-use customers in the commonwealth from existing clean peak resources during the seasonal peak load hours to establish a baseline minimum percentage of kilowatt-hours sales to end-use customers that shall be met with clean peak certificates beginning on January 1, 2019. Each year thereafter, every retail electricity supplier in the commonwealth shall provide a minimum

percentage of not less than an additional 0.25 per cent of sales by retail electricity suppliers in the commonwealth that shall be met with clean peak certificates, as determined by the department.

(b) A qualified RPS resource may generate both a clean peak certificate and a renewable energy certificate under section 11F for electricity generated and delivered to the electric grid during a seasonal peak period.

(c) The department shall promulgate regulations to implement this section, including, but not limited to: (i) the establishment of seasonal peak periods; (ii) the methodology by which clean peak certificate values shall be established, which may include a process by which electric distribution companies competitively procure clean peak certificates from clean peak resources and enter into long-term contracts, subject to the approval of the department of public utilities; (iii) the establishment of a minimum percentage of clean peak certificates that must be derived from demand response resources; (iv) an alternative compliance mechanism for retail electricity suppliers; and (v) the procedures by which each retail electricity supplier shall annually submit for the department's review a filing demonstrating its compliance with the requirements of this section.

(d) This section shall not apply to municipal lighting plants.

SECTION 14. Section 17 of said chapter 25A is hereby repealed.

SECTION 15. Section 139 of chapter 164 of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting after the word "charges", in line 85, the second time it appears, the following words:- , including demand charges as part of a monthly minimum reliability contribution except as authorized under subsection (j).

SECTION 16. Said section 139 of said chapter 164, as so appearing, is hereby further amended by inserting after the word “system”, in line 150, the following words:- ; provided, however, that a distribution company may assess a demand charge if it is based on system peak demand during the hours of a day determined to be peak hours of system demand and if the distribution company regularly informs affected customers of the manner in which demand charges are assessed and of ways in which said customers might manage and reduce demand.

SECTION 17. Said section 139 of said chapter 164, as so appearing, is hereby further amended by striking out, in lines 175 to 177, inclusive, the words “; provided that, the date designated by the department shall be not later than December 31, 2018”.

SECTION 18. Said chapter 164 is hereby further amended by adding the following section:-

Section 146. (a) Electric distribution companies shall file an annual electric distribution system resiliency report with the department, which shall include heat maps that: (i) show the electric load on the electric distribution system, including electric loads during peak electricity demand time periods; (ii) highlight the most congested or constrained areas of the electric distribution system; and (iii) identify areas of the electric distribution system most vulnerable to outages due to high electricity demand, lack of local electric generating resources and extreme weather events.

(b) Electric distribution companies may hold a competitive solicitation for electric distribution system resiliency non-wires alternatives from third party developers. The non-wires alternatives solicitations shall: (i) provide non-wires alternatives solutions to areas of the electrical grid that require transmission or distribution updates due to aging infrastructure,

increased load or other resiliency issues identified in the resiliency report; (ii) benefit a stressed or congested area of the electrical grid; (iii) benefit the electrical grid in areas that are prone to severe weather damage; or (iv) reduce greenhouse gas emissions.

(c) When determining a winning bid to the competitive solicitation for resiliency non-wires alternatives, the electric distribution companies shall consider monetary and non-monetary factors including, but not limited to: (i) resiliency improvements; (ii) reducing greenhouse gas emissions; (iii) reducing peak demand; (iv) reducing congestion in stressed areas of the grid; and (v) benefits to low-income areas.

SECTION 19. Said Chapter 164 of the General Laws is hereby further amended by adding the following section:-

Section 147. (a) For the purposes of this section, “lost and unaccounted for gas” shall mean an amount of gas that is the difference between the total gas purchased by a gas company and the sum of: (i) total gas delivered to customers; and (ii) total gas used by a gas company in the conduct of its operations.

(b) The department shall issue regulations requiring all gas companies to report to the department, in a uniform manner, lost and unaccounted for gas for each year. Such standards shall include: (i) a method using operational and billing data to determine the total amount of lost and unaccounted for gas and to identify and measure each of its components; and (ii) a method using engineering characteristics and operational data to identify and measure all sources and locations where lost and unaccounted for gas occurs in the natural gas systems.

(c) The department may grant waivers from regulatory requirements as necessary for the development of innovative projects to reduce lost and unaccounted for gas. Such innovative

projects shall be intended to reduce costs to ratepayers and to reduce greenhouse gas emissions. An application for a waiver shall include the goals of the innovative project, the expected cost, the expected benefit to ratepayers and the expected reduction in greenhouse gas emissions.

SECTION 20. Chapter 188 of the acts of 2016 is hereby amended by striking out section 15, and inserting in place thereof the following section:-

Section 15. (a) There shall be an energy storage target of 1000 megawatt hours to be achieved by December 31, 2025. To achieve this target, the department of energy resources may consider a variety of policies to encourage the cost-effective deployment of energy storage systems, including the refinement of existing procurement methods to properly value energy storage systems, inclusion in energy portfolio standards, the use of alternative compliance payments to develop pilot programs and the use of energy efficiency funds under section 19 of chapter 25 of the General Laws if the department determines that the energy storage system installed at a customer's premises provides sustainable peak load reductions on either the electric or gas distribution systems and is otherwise consistent with section 11G of chapter 25A of the General Laws.

(b) Annually, not later than February 15, beginning in 2019, each electric distribution company shall submit a report to the department of energy resources documenting the energy storage installations in their service territory.

(c) This section shall not apply to municipal lighting plants.

SECTION 21. (a) Notwithstanding any general or special law to the contrary, the department of energy resources shall investigate the necessity, benefits and costs of requiring distribution companies, as defined in section 1 of chapter 164 of the General Laws, to jointly and

competitively conduct additional offshore wind generation solicitations and procurements of up to approximately 1,600 megawatts of aggregate nameplate capacity, in addition to the solicitations and procurements required by section 83C of chapter 169 of the acts of 2008, as amended by chapter 188 of the acts of 2016, and may require said additional solicitations and procurements by December 31, 2035; provided, however, that for said solicitations and procurements, as outlined in this section, the department of energy resources may also require distribution companies to jointly and competitively solicit and procure proposals for offshore wind energy transmission sufficient to deliver energy generation procured pursuant to this section from designated wind energy areas for which a federal lease was issued on or after January 1, 2012 that may be developed independent of such offshore wind energy generation; provided further, that such transmission service shall be made available for use by more than 1 wind energy generation project and shall not exceed the generation capacity authorized by this section; provided further, that any selection of offshore wind energy transmission shall be the most cost-effective mechanism for procuring reliable, low-cost offshore wind energy transmission service for ratepayers in the commonwealth.

(b) Prior to undertaking any additional solicitations and procurements beyond those required by section 83C of chapter 169 of the acts of 2008, as amended by chapter 188 of the acts of 2016, the department shall evaluate previous solicitation and procurement processes, including any reports of the independent evaluator, and shall make recommendations to the general court that include: (i) any improvements to the solicitation and procurement process; (ii) an evaluation of the necessity of additional solicitations and procurements, as outlined in subsection (a), to meet the commonwealth's energy policy goals, including the goals of chapter 169 and chapter 298 of the acts of 2008; (iii) any amount of recommended solicitations and

procurements beyond those required by said section 83C of chapter 169 of the Acts of 2008, as amended by said chapter 188 of the acts of 2016, if applicable, provided that said recommendations do not exceed the amount in subsection (a); (iv) an evaluation of the impact of additional procurements, as outlined in subsection (a), on ratepayers, including distribution customers; and (v) any potential economic benefits; provided, further that any additional solicitations conducted pursuant to this section shall be subject to the required solicitation and procurement process of said section 83C of chapter 169 of the Acts of 2008, as amended by said chapter 188 of the Acts of 2016. The department shall file the report with the house and senate clerks and the joint committee on telecommunications, utilities and energy no later than July 31, 2019.

SECTION 22. The department of energy resources shall study the feasibility of a mobile battery storage system to serve as a mobile emergency relief system that can respond to extreme weather events or power outages. The goal of such a system would be to serve as a mobile emergency relief system that can respond to events including, but not limited to, extreme weather events or power outages, and to shave peak demand and lower distribution costs when not in use for emergency response purposes. The department of energy resources shall submit any recommendations to the clerks of the house of representatives and senate on or before February 1, 2020.

SECTION 23. Section 147 of chapter 164 of the General Laws shall take effect on January 1, 2020; provided, however, that the regulations required to implement said section 147 of said chapter 164 shall be promulgated and in effect not later than December 31, 2019.

209 SECTION 24. Sections 15, 16 and 17 shall apply to any monthly minimum reliability
210 contribution, including a monthly minimum reliability contribution approved by the department
211 of public utilities to take effect on or before December 31, 2018. Any monthly minimum
212 reliability contribution approved by the department of public utilities prior to the effective date of
213 this section and said sections 15, 16 and 17 that does not meet the requirements of said sections
214 shall be refiled for review and approval by the department before taking effect.

215 SECTION 25. Section 14 shall take effect on January 1, 2051.